Tiffany (NJ) Inc. et al v. eBay Inc. Doc. 1

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JUDGE BUCHWALD

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

TIFFANY (NJ) INC. and TIFFANY AND COMPANY,

Plaintiffs,

v.

eBAY INC.,

Defendant.

04 Civ. CV 4607

COMPLAINT

Plaintiffs Tiffany (NJ) Inc. and Tiffany and Company, by and through their undersigned counsel, as and for their Complaint against defendant eBay Inc., allege as follows:

Parties, Jurisdiction and Venue

1. Plaintiff Tiffany and Company ("Tiffany & Co.") is a New York corporation with its principal place of business at 727 Fifth Avenue, New York, New York 10022. Tiffany & Co. is the exclusive licensee and user of the TIFFANY, TIFFANY & CO., T & CO. and other trademarks at issue in this action.

2. Plaintiff Tiffany (NJ) Inc. ("Tiffany (NJ)") is a New Jersey corporation with its principal place of business at 15 Sylvan Way, Parsippany, New Jersey 07054. Tiffany (NJ) is the proprietor of the TIFFANY, TIFFANY & CO., and T & CO. trademarks at issue

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herein. Plaintiffs Tiffany & Co. and Tiffany (NJ) shall be referred to herein collectively as "Tiffany."

3. Upon information and belief, defendant eBay Inc. ("eBay") is a Delaware corporation with its principal place of business at 2145 Hamilton Avenue, San Jose, California 95125.

4. This is a civil action arising out of eBay's facilitation and participation in the counterfeiting, infringement and false advertising of the federally registered trademarks owned, licensed and/or used by Tiffany in violation of §§ 32(1), 34(d) and 43(a)(1)(A) and (B) of the Trademark Act of 1946, as amended (the "Lanham Act"), 15 U.S.C. §§ 1114(1), 1116(d) and 1125(a)(1)(A) and (B); for dilution in violation of § 43(c) of the Lanham Act, 15 U.S.C. § 1125(c); for dilution in violation of § 360-1 of the New York General Business Law; and other violations of common law.

5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338 and has supplemental jurisdiction pursuant to 28 U.S.C. § 1367(a).

6. Upon information and belief, this Court has personal jurisdiction over eBay by virtue of its doing business within this State and/or its commission of tortious acts inside and outside of New York that have an effect within this State. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391(b) and (c).

Plaintiffs' Famous TIFFANY Trademarks

7. TIFFANY and its variant TIFFANY & CO. are recognized as among the most famous trademarks in the United States and around the world and represent a great and valuable goodwill owned by Tiffany.

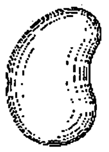
8. For over 150 years, Tiffany has achieved great renown as a purveyor of high quality goods, including specialty gift items, such as jewelry, silver, china, glassware, decorative objects, crystal, and clocks, under the trademark and trade name TIFFANY and its variant TIFFANY & CO.

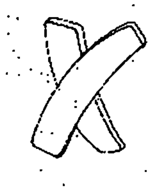
9. Over the years, Tiffany has expended millions of dollars advertising and promoting said jewelry and specialty gift items and has achieved hundreds of millions of dollars in sales of said products. In the past decade, Tiffany's sales of goods bearing, or marketed under, the TIFFANY name in the United States, including the State of New York, have exceeded $12.1 billion at retail. During the same period, Tiffany & Co. has spent in excess of $580 million in advertising and promoting said products in the United States, including the State of New York.

10. Tiffany closely controls the distribution of authorized goods bearing or marketed under the TIFFANY name and all such merchandise is inspected by Tiffany quality control personnel before its release directly to approved Tiffany channels of trade, including its sales on the internet at <tiffany.com>, through TIFFANY catalogs and to its retail outlets.

11. Tiffany does not sell these goods as "close-outs" or through discount stores. Thus, any seller of a significant lot – i.e., five pieces or more – of purported "Tiffany" jewelry at a discount is almost certainly selling counterfeit merchandise.

12. TIFFANY and TIFFANY & CO. are subject to the following registrations, among many others, on the Principal Register in the United States Patent and Trademark Office:

Trademark	Reg. No.	Reg. Date	Goods & Services	First Use
TIFFANY & CO.	23,573	Sept. 5, 1893	Jewelry and Watches	1868
TIFFANY	133,063	July 6, 1920	Jewelry for Personal Wear, Not Including Watches; Precious Stones and Flat and Hollow Ware Made of or Plated with Precious Metal	1868
TIFFANY & CO.	1,228,189	Feb. 22, 1983	Decorative Art Objects Made in Whole or in Part of Precious or Semi-Precious Metals – Namely, Figurines, Boxes, Bowls, Trays, and Flowers, Jewelry, Semi-Precious Stones, and Natural and Natural and Cultured Pearls	1868
TIFFANY	1,228,409	Feb. 22, 1983	Decorative Art Objects Made in Whole or in Part of Precious or Semi-Precious Metals – Namely, Figurines, Boxes, Bowls, Trays, and Flowers, Jewelry, Semi-Precious Stones, and Natural and Natural and Cultured Pearls	1868
T & CO.	1,669,365	Dec. 24, 1991	All Types of Jewelry Made of, or in Part of, Precious Metals and/or with Precious or Semi-Precious Stones	1979
	1,804,353	Nov. 16, 1993	Jewelry – Namely, Earrings, Necklaces, Bracelets, Pendants, Cufflinks and Rings	1974

	1,785,204	Aug. 3, 1993	Jewelry – Namely, Pins, Pierced Earrings, Ear Clips, Bracelets, Necklaces, Rings and Brooches	1984

13. All of the above marks and registrations are valid and subsisting and Registration Nos. 1,228,189, 1,228,409, 1,804,353 and 1,785,204 have become incontestable pursuant to Section 15 of the Lanham Act, 15 U.S.C.§ 1065.

<u>eBay's Activities</u>

14. Upon information and belief, trademark infringement and counterfeiting in the United States exceed $200 billion annually. Currently, the sale of counterfeit goods over the Internet is believed to amount to more than $30 billion worldwide and to represent roughly 10 percent of the total counterfeit market.

15. eBay operates a well-known Internet website at <ebay.com>. Through that website, eBay provides a service which enables member sellers to offer items for sale to member buyers in what eBay characterizes as either auction-style or fixed-price formats.

16. eBay promotes itself as the world's largest online marketplace for the sale of goods and services among its registered users.

17. In fact, substantial amounts of counterfeit Tiffany merchandise – i.e., jewelry sold under the TIFFANY and/or TIFFANY & CO. name, and/or bearing one or more of Tiffany's trademarks, that was not manufactured, authorized, sponsored, or approved by Tiffany, or otherwise affiliated or connected with Tiffany – have been and are being sold through eBay's website.

18. In April 2003, the Federal Bureau of Investigation arrested several members of a counterfeiting ring in New York City that was selling counterfeit Tiffany

merchandise through the eBay website. Articles describing those arrests are attached hereto as Exhibit 1.

19. Earlier, in December 2002, Tiffany obtained a civil seizure and preliminary injunction against a company that sold considerable amounts of counterfeit Tiffany jewelry through eBay. *See Tiffany (NJ) Inc. et al. v. Katz Imports, Inc. et al.*, Civ. Act. 02-8450 (E.D. Pa. Dec. 11, 2002).

20. The eBay website is currently, and has been, infested with many thousands of counterfeit Tiffany items, many of poor quality, which, upon information and belief, has directly led to the defrauding of thousands of consumers who mistakenly believed they were purchasing genuine Tiffany jewelry.

21. eBay, in common with a majority of the public, is well aware of the TIFFANY and TIFFANY & CO. trademarks and of the vast goodwill represented and symbolized thereby. Notwithstanding said awareness, eBay has facilitated the promotion and sale in the United States of counterfeit Tiffany jewelry by providing a forum for, and actually promoting, such sales.

22. The overwhelming majority of jewelry items sold and offered for sale through the eBay website that use the TIFFANY trademark as part of their auction titles are, in fact, counterfeit Tiffany merchandise.

23. Tens of thousands of counterfeit Tiffany items are sold through the eBay website each year, and eBay charges hundreds of thousands of dollars in fees in connection with the sale of this counterfeit merchandise on an annual basis.

eBay's Greeting Pages and Sponsored Links

24. eBay has compounded its tacit facilitation of counterfeiting with its own direct misrepresentations concerning the goods sold through the eBay website.

25. Attached hereto as Exhibit 2 are printouts of several "greeting pages" that Internet users first encounter when visiting the eBay website. eBay has used these greeting pages, and others like them, to promote the sale of goods offered on its website. For example, certain of the greeting pages suggested items to be bought as "Mother's Day Gifts" and then listed a variety of brand-name goods.

26. On these greeting pages are listings entitled "Tiffany & Co." or "Tiffany" – plaintiffs' famous, registered trademarks. When a visitor to eBay's website clicks on the "Tiffany & Co." or "Tiffany" listings, he or she is directed to a list of auctions for jewelry items that use the TIFFANY trademark in their auction titles. A very high percentage of these auctions for jewelry that use the TIFFANY trademark in their titles are actually auctions for counterfeit Tiffany merchandise.

27. Moreover, eBay has arranged with Yahoo! and Google so that an Internet user who types in "Tiffany" into one of those companies' Internet search engines is greeted with a "sponsored link" for eBay.

28. These sponsored links are reflected in the printouts from Yahoo!'s and Google's Internet websites that are attached hereto as Exhibit 3. For example, the sponsored link on the Yahoo! site states "Tiffany on eBay – Find tiffany items at low prices." The sponsored link on the Google site states "Tiffany for Sale – New & Used Tiffany for sale."

29. Clicking on eBay's sponsored link in connection with either of the Yahoo! or Google search engines directs the user to a list of auctions resulting from an eBay search for all auctions with "Tiffany" in their titles, including many counterfeit items.

30. eBay's grouping of counterfeit Tiffany items under the TIFFANY and TIFFANY & CO. trademarks, through either the greeting pages or sponsored links described above, actively encourages the sale of counterfeit merchandise by suggesting that the items in question are genuine Tiffany goods.

Plaintiffs' Protests and eBay's Refusal to Cease Selling Counterfeit Jewelry

31. On or about May 14, 2003, counsel for Tiffany sent eBay a letter, *inter alia*, advising eBay of the immense problem of counterfeit Tiffany jewelry on eBay and requesting that eBay: (i) remove listings for counterfeit merchandise; (ii) take appropriate and continuing measures to eliminate the sale of counterfeit Tiffany merchandise through eBay's website; and (iii) cease using any "Tiffany" identifier to label counterfeit goods.

32. Despite this request, eBay continues to provide a forum for thousands of counterfeit Tiffany items and eBay continues to encourage the sale of this counterfeit merchandise through both sponsored links and greeting-page links such as those described above.

33. Tiffany has advised eBay that because of the limited channels of trade for genuine Tiffany merchandise and, based on Tiffany's experience in monitoring eBay's website, a seller who is offering for sale more than a small quantity – five or less – of jewelry items that he or she claims are from Tiffany is almost certainly selling counterfeit Tiffany goods.

34. eBay asserts that it currently reviews all listings for goods that are offered through its website. Accordingly, eBay is able automatically to screen out and remove from its

database all listings by sellers of five or more pieces of Tiffany jewelry. Nonetheless, eBay has failed and refused to take such measures to stop the sale of counterfeit Tiffany merchandise.

35. Instead, eBay, for its own convenience and profit, requires companies like Tiffany to police eBay's auctions to bring counterfeits to eBay's attention. This policy is less effective and more expensive than automatic screening by eBay itself would be.

36. The sale of counterfeit goods using the TIFFANY trademark facilitated and encouraged by eBay is intended to cause and has caused confusion, mistake or deception of the trade and public and is intended to cause and has caused them to believe that those counterfeit products are the same as Tiffany's products or are authorized, sponsored or approved by Tiffany or are otherwise affiliated or connected with Tiffany and/or Tiffany's products.

37. During 2003 and 2004, two of Tiffany's employees devoted substantial portions of their time to policing eBay auction sites for counterfeit Tiffany merchandise. As a result of their efforts, during a five-month period, eBay removed over 19,000 auctions that were selling counterfeit Tiffany merchandise.

38. In 2004, Tiffany implemented a program to purchase, at random through eBay auctions, certain silver jewelry items that used the TIFFANY trademark as part of their auction titles or descriptions. Of 186 pieces of "Tiffany" jewelry purchased during this program, 73% were not genuine merchandise, even though they were described as genuine by the sellers in the auction listings and/or bore Tiffany's famous trademarks. Only 5% of the jewelry items purchased pursuant to this program that were advertised and sold as being genuine TIFFANY jewelry were, in fact, genuine.

39. eBay, and the counterfeiters that employ the services it offers through its website have intentionally used the TIFFANY and TIFFANY & CO. trademarks knowing that, or willfully blind to the fact that, those marks are identical to Tiffany's registered trademarks.

40. The counterfeiters who employ eBay's services through its website have offered for sale and sold their said jewelry with the intent to induce the public to purchase said products as and for Tiffany's said jewelry or to believe that said jewelry is the same as Tiffany's jewelry or has been made, sponsored or approved by the producers of Tiffany's jewelry.

41. eBay knows about the continuing sale of counterfeit Tiffany merchandise through its website and/or it has been willfully blind to the sale of this unlawful merchandise using the services it offers.

42. The activities of eBay and the counterfeiters that employ its services have resulted and are likely to result in the substitution and passing off of counterfeit jewelry products to purchasers seeking to purchase Tiffany's jewelry products.

43. eBay's actions and failure to act have caused and will continue to cause immediate and irreparable harm to Tiffany and to the substantial goodwill embodied in Tiffany's registered trademarks and said harm will continue unless this Court enjoins eBay's unlawful activities complained of herein.

FIRST CLAIM FOR RELIEF

Direct and Contributory Trademark Infringement Under Sections 32(1) and 34(d) of the Lanham Act

44. Plaintiffs repeat and reallege each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

45. Defendant's conduct constitutes direct and contributory trademark infringement, involving counterfeit marks, in violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), and Section 34(d) of the Lanham Act, 15 U.S.C. § 1116(d).

SECOND CLAIM FOR RELIEF

Infringement and False Advertising Under Section 43(a)(1)(A) and (B) of the Lanham Act

46. Plaintiffs repeat and reallege each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

47. Defendant's conduct constitutes infringement and the use of false descriptions and representations in violation of Section 43(a)(1)(A) and (B) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A) and (B).

THIRD CLAIM FOR RELIEF

Direct and Contributory Common Law Trademark Infringement

48. Plaintiffs repeat and reallege each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

49. Defendant's conduct constitutes direct and contributory trademark infringement under common law.

FOURTH CLAIM FOR RELIEF

Direct and Contributory Common Law Unfair Competition

50. Plaintiffs repeat and reallege each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

51. Defendant's conduct constitutes direct and contributory unfair competition under common law by assisting in passing off, misappropriation and unprivileged imitation.

FIFTH CLAIM FOR RELIEF

Violation of the Federal Antidilution Statute

52. Plaintiffs repeat and reallege each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

53. Defendant's conduct constitutes trademark dilution in violation of Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

SIXTH CLAIM FOR RELIEF

Violation of the New York Antidilution Statute

54. Plaintiffs repeat and reallege each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

55. Defendant's conduct will improperly dilute the value of plaintiffs' trademark in violation of New York General Business Law § 360-l.

WHEREFORE, plaintiffs pray for a judgment:

1. Preliminarily and then permanently enjoining and restraining defendant, its officers, agents, servants, employees, attorneys, successors or assigns, and all persons or entities acting in concert or participation with it, them or any of them from assisting in or contributing to the offering for sale, sale, advertising and/or promotion in the United States of (a) jewelry bearing the TIFFANY, TIFFANY & CO., or T & CO. trademarks, except for genuine merchandise that in its entirety has been made, sponsored or approved by plaintiffs; (b) any other jewelry or other merchandise that bears trademarks that are confusingly similar to or dilutive of plaintiffs' registered trademarks; (c) any other false statements or designation of origin or false description or representation or any other thing calculated or likely to cause confusion or mistake in the mind of the trade or public or to deceive the trade or public into believing that counterfeit

products are in any way associated or affiliated with or related to plaintiffs or plaintiffs' genuine jewelry.

2. Directing defendant to account to plaintiffs for its profits arising from the conduct complained of herein, pursuant to 15 U.S.C. § 1117, and entering judgment for three times such profits arising from the conduct complained of herein, pursuant to 15 U.S.C. § 1117(b) and 15 U.S.C. § 1116(d), or, alternatively, awarding plaintiffs statutory damages of $1,000,000 per counterfeit mark per type of jewelry sold, pursuant to 15 U.S.C. § 1117(c) and 15 U.S.C. § 1116(d), in view of defendant's willful conduct.

3. Awarding plaintiffs compensatory and punitive damages to which they are entitled under applicable federal and state laws.

4. Awarding plaintiffs their reasonable attorneys' fees, taxable costs and disbursements of this action, pursuant to 15 U.S.C. § 1117, in view of defendant's willful conduct.

5. Awarding plaintiffs such other and further relief as the Court deems just and proper.

Dated: June 18, 2004
New York, New York

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